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DISPATCH NO. MAYA-11493  
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TO : Chief, Eastern Europe  
Attention: C  
FROM : Chief of Station, Vienna u/

DATE: 14 August 1952

DISPATCH SOQUEST

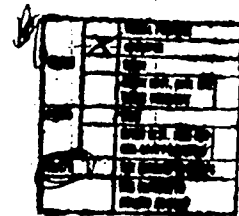
SUBJECT: GENERAL— Operational/REDCAP

SPECIFIC— Grallspice Progress Report for July 1952

CONTACT WITH SERGEI FROELICH

Reference: Attached Contact Reports

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1. Forwarded herewith are contact reports Nos. 9 through 18 covering meetings with Grallspice during the month of July, 1952.

2. Headquarters' Action. Headquarters' traces are requested on the following persons:

a. Johann GRIMSER (or GRIMMSER), a Viennese of Russian extraction who is known to Grallspice (contact report No. 18 paragraph 3).

b. Diane THUILE aka Kristine RITTL aka Diane ELLIUGHT nee GRZISMEK. She is Grallspice's landlady, born 20 February 1891 in Vienna, and is allegedly a former singer. She is mentioned in numerous contact reports (see contact report No. 14, paragraph 3).

3. There have been no notable developments during this reporting period with the possible exception of the revelation of Grallspice's contact with Sergei Bernardowitsch FROELICH. (see attachment to contact report No. 11). It appears that FROELICH and the organization for which he works assume that Grallspice is working in Vienna on behalf of the AIS. However, it does seem a little unusual that FROELICH would make a definite recruitment attempt if he is certain that Grallspice is working for the AIS. The security implications of this development are somewhat difficult to analyze at present, but it is felt that Grallspice could continue to operate securely even if the German IS were to assume that he is working for the Americans in Vienna.

4. Although Grallspice's cover cannot be considered adequate as yet, primarily because it exists only on paper and has not been firmed up by actual business transactions, it should be sufficient for at least another few months. Moreover, there is every likelihood that the cover can and will develop naturally when Grallspice actually begins transacting business on behalf of the LINDEX Company.

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FORM NO. 51-28A  
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5. Although Grallspice has not as yet turned up any startling operational leads, it must be said to his credit that this is not for lack of trying and that he is considerably hampered in his efforts by security considerations. It appears certain at this point that the best means of exploiting Grallspice in Vienna is to allow him to follow up leads which have come to our attention through other sources and channels. Moreover, he always is available to assist us in a variety of ways when it comes to the handling of Soviets who actually have defected or appear to be candidates for defection. There are a number of ways in which Grallspice can be utilized in the above general situations. The exact manner of his assistance would be determined by the history and merits of the individual case. It is encouraging to note that Grallspice now appears to be more willing than ever to expose himself in order to help us in our REDCAP effort, especially as regards his willingness to put himself in direct contact with Soviets at any time at which the U. S. has basic physical control of the situation.

6. Grallspice's morale appears to be excellent, his reporting continues to be thorough, and the only possible point of concern in the operation is the fact that Grallspice is most anxious to emigrate to the United States. He is somewhat bitter concerning the fact that he was turned down for a visa to the United States in the early part of this year on the apparent grounds that he once was a member of a totalitarian party and therefore is considered to be politically undesirable. (Extended immigration act of 16 October 1918 as amended through the law of 28 March 1951). Grallspice has pointed out with no small amount of justification that his actions since World War II against the U.S.S.R. on behalf of Western intelligence agencies should be ample indication that he is politically reliable. It appears almost certain that in order to continue utilizing Grallspice over a reasonably long period of time that it will be necessary to make some commitment to him regarding the possibility of his emigration to the United States. On the basis of the information concerning Grallspice contained in the Headquarters files, it would be appreciated if we could receive Headquarters comments on the possibility of making an emigration commitment to Grallspice. Assured

7. In order to free [ ] for other operational commitments, it is planned that Grallspice will be turned over to [ ] sometime near the end of August. Such a turnover should pose no problems to the further operational development and utilization of Grallspice.

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